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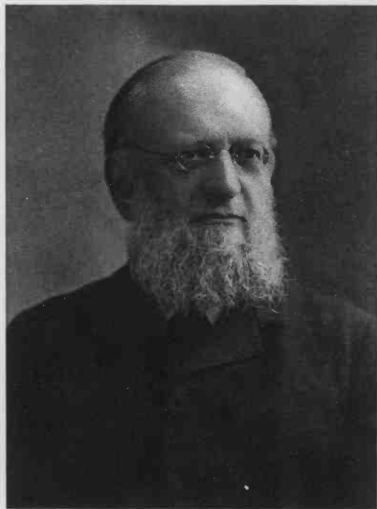
**THOMAS G. SHEARMAN
AND HIS
NATURAL TAXATION**

Second Edition

C. B. FILLEBROWN
77 Summer Street, Boston, Mass.

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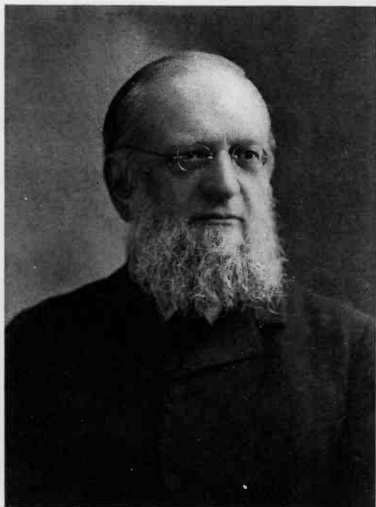
**Reprinted from the
National Magazine
March, 1915**



THOMAS G. SHEARMAN

INTENTIONAL SECOND EXPOSURE

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Thomas G. Shearman
and his
Natural Taxation

Having occasion to scan the latest volumes on Political Economy, the authorities of the Colleges and Universities of the United States and Canada, in order to note how much economic importance is therein attached to the taxation of land-values, I found myself confronted by more than one surprise.

(1). Almost the only name connected by these writers with the reform as originator and interpreter and commentator is that of Henry George. The chief and more numerous criticisms pertain not to the principles of a scientific taxation for which Henry George stood, but are centered upon the gratuitous and fallacious charge that the burden of his message to the world was confiscation of property and the overturn of civilization.

This way of handling the subject during the past thirty years has shown little gain for either professors or tax reform, and I have come to realize that this poverty of method amounts to an educational abnormality if not deformity.

(2). I was surprised to note that in all these volumes no room was found for the name and dictum of Mr. Thomas G. Shearman, a man who, in addition to his general reputation as an authority on whatever subject he touched, was a sounder, safer, and more thorough student and expositor of the principles of taxation than any other person who has spoken from the single tax standpoint. Yet no economist appears to have made so much as a pretense of answering his argument. That this taxation work, which was the particular pride of his life, should have been unchronicled in the economic annals of his generation, seems almost incredible, and yet, *mirabile dictu*, in eleven of the volumes of political economy that span the economic firmament, the name of Thomas G. Shearman is not

indexed, while four have half a dozen references or citations, none of which deal with the principle of land-values taxation. This complete ignoring of a leading authority can be explained only upon the theory that they think his plan of tax reform of no consequence.

Under these circumstances I cannot forbear to make an earnest request of the professors that they will reopen the case, "In re Natural Taxation," according to Thomas G. Shearman, and allow it to be reargued before a fresh bench and jury, thus giving him a fraction of the thirty years' innings that have been accorded to Henry George.

To extol the excellencies of Mr. Shearman by no means implies detraction from the achievements of Mr. George. In a dozen volumes of reform literature, resplendent with illustration, Mr. George essayed, with his five main divisions and sixty-four sub-divisions, to sweep the whole field of political economy. He compassed the gamut of human emotions. He argued *de novo* for the abstract rights of man, equal, natural, original and inherent; and in support of his thesis he marshaled in stately array the moral, philosophical and religious sentiments of mankind.

Mr. Shearman was not a man of hobbies. His taxation work he regarded as by far his best investment for the interest of his fellow men. Here are his own words: "I do not estimate very highly the value of my own work in any direction, in business, in the church, or in public affairs. But I can see more substantial fruit of my efforts in the direction of a higher development of humanity through the reform of taxation than in any other direction whatever. Obscure as my work has been, . . . it has marked a channel in which an ever-swelling tide of human energy will flow. . . . It has given a direction to the spirit of reform which will insure great results after I have left the work forever." In a single book, *Natural Taxation*, a volume of scientific, prose reasoning, he supplemented George's eloquent exhibit with the cold and exact statement of an energizing, enacting clause without which no reform can be made operative. He set out to elaborate the special economic advantage of a natural tax, and followed with wonderfully clear deductions as to its effects. Mr. George made small pretense to calculation of the volume of eco-

nomic rent, and attempted little illustration of that feature of his subject. For himself he said: "What I have endeavored to do is to establish general principles, trusting to my readers to carry further their application where this is needed." Mr. Shearman, who wrote a dozen years later, and who revelled in their application, as well as in the principles themselves, labored with almost infinite pains to collect data and frame reliable estimates of the volume of rents such as have not been superseded, because no one has been found with faculty and patience to bring these calculations down to date. Meantime events have very largely verified the proportion, and hence the substantial accuracy of his calculations. In view of his admitted thoroughness we may be assured that his opinions deserve respect. He was a judge who could be trusted to let complete evidence and full consideration precede his decision.

Economists, especially the professionals, sometimes have been sharply criticised for not enrolling themselves under the banner of Henry George. If such an enrolment meant a commitment simply to his tenet of the Single Tax, harmonization might not be despaired of, but if such an enrolment were to commit them by implication to others of his remaining sixty-three economic tenets, it is easy to see how their difficulties are multiplied many fold, a complication which in their frank opinion even the justice of the situation does not demand.

It is probably true that the professors as a body are far from agreeing with Mr. George in his general theory of production and distribution, while in "beating together the ample field" of political economy in the large, there would be the certainty of collisions without number. Very many economists incline with favor to Henry George as to his land-value tax, but with the jealous reservation of differing with him upon many of his other contentions. One would naturally think that upon Mr. Shearman, with his one platform and one plank, the professors might unite without hazard to inherited dogma on the one hand, or risk of speculative heresy on the other.

Disregarding the voluminous moralizations (the basis of much obstructive argumentation even among those who do not differ), Mr. Shearman, like

Mr. George, buried his lance directly in the heart of the social problem. Without conveying his disciples through the wilderness of three or six thousand years of wandering thought, he reached the Henry George goal by a simple scientific route.

Perhaps nothing could add more weight and dignity to the reasonableness of this humble petition than to recall something of the gifts and accomplishments of Shearman, the publicist, philanthropist and religionist whose economic prestige can never be dimmed.

At the Memorial services in Plymouth Church his luminous characteristics were assembled in bold relief by various speakers.

His pastor, Rev. Newell Dwight Hillis, said of him that "out of a passionate love for his fellows he tried to turn the principles of Jesus Christ in to the writings and practice of a great lawyer. . . . This great Church has had heroes—in Mr. Beecher, the greatest preacher of the love of God that the world has seen since the Christian era began, and in Mr. Shearman another. . . . One of the strongest, best and bravest men of his generation that this country has produced. . . . During the forty years of his career he appeared upon the platform over seven hundred times to urge the rights of the black man, the Indian, the Armenian, and the poor and despised of every city and nation."

Mr. Shearman was born Nov. 25, 1834, in Birmingham, England, of English parents. His father was a versatile man, in turn physician, writer and preacher. Denominationally a Baptist, he was a great student of the Bible, and a great reader and lover of Shakespeare. What education Mr. Shearman had was the work of a gifted mother, a teacher of practical excellence both abroad and at home. A copy of the new Testament is treasured in which he read at the age of four.

Through lack of family fortune he was early thrown on his own resources, and, as Dr. Hillis continues, "mainly self-educated and self-made, his intellect was hammered out upon the anvil of adversity. . . . At twelve he was out in the world for himself. At thirteen his school days ended forever. At fourteen he entered an office, where he received apprentice's wages of \$1.00 a week for the first year and \$1.50 for the second. . . . Fifteen years found him deliberately fash-

ioning his English style upon Bunyan for simplicity, Baxter, for unity and orderly movement, and Macaulay for picturesque narration. . . . At thirty-one he was identifying and tabulating out of his own unaided memory over seven hundred court cases. . . . When in 1875 the great storm burst upon Mr. Beecher he urged his pastor to devote himself to his regular work, took all responsibility upon himself, practically retired from his law practice, and out of his own fortune anticipated all expenses for the great trial, until he had advanced over \$70,000 of his own money, for which, however, he was afterwards reimbursed." Nothing could account for a personal devotion like this except the fact that Mr. Shearman believed in Mr. Beecher. Dr. Hillis, in cataloguing Mr. Shearman's gifts said: He had a strong intellect, great analytic skill, memory, sound judgment, fidelity to conviction, courage unyielding and all-conquering, frankness to friend and foe, moral earnestness, sympathy, enthusiasm, thoroughness and a steadfastness that never was defeated. Although he had no diplomacy and little tact, he was great notwithstanding.

Mr. Rossiter W. Raymond, Superintendent of Plymouth Sunday School, gave two side glimpses of Mr. Shearman. One picture shows him on the way to a Plymouth Sunday School picnic, sitting on the deck of the steamer, himself childless, covered with children who hang on his shoulders and arms while he tells them fairy stories. The other at a Coney Island outing of the little ones in which he took part. "There he lies on the sands while they cover him like flies, and when they want to wade in the water, and he is afraid to let them go in alone, the great lawyer, the friend of Henry Ward Beecher, the Political Economist, the Superintendent of Plymouth Sunday School, takes off his shoes and stockings, rolls up his trousers, and clapping hands with a chain of merry boys and girls, wades out into the surf. Mr. Shearman's love for the children, and the children's love for him, tell the story of his real character." According to Mr. Raymond, who was privileged to be the only layman intimately and constantly associated with the great lawyers who defended Mr. Beecher, "All of these men gave their services at great pecuniary sacrifice, in aid of a righteous man unjustly accused." Neither Mr. Shearman, who did more than all the others, nor

his partner, Mr. Sterling, who shared in the deprivation of his services at great sacrifice to their general business, would accept anything. To this testimony may be added that of an intimate co-worker: "His life taught a larger lesson, the lesson of constant and willing giving. I never knew a man who, on the whole, was so benevolent with his purse." In a life abounding with ceaseless benefactions, Mrs. Shearman, who survives him, is daily executing his will.

Stephen V. White, deacon of Plymouth Church, a leading broker and later a member of Congress then associated "very, very largely and very, very closely in business and in consultation with Mr. Shearman for thirty years" bore this enthusiastic testimony: "I consider his character and his career the most unique character and the most unique career of any man whom I ever knew, or of any man of whom I have read. . . . By reason of his remarkable faculty for generalization and collaboration, he was enabled, in a few months to become a walking digest of the decisions and statutes of the State of New York. In 1857 Mr. Shearman was appointed one of a committee to codify the statute laws of the State of New York. The Chairman, David Dudley Field, 'lion of the bar of the city and of the country,' being too busy to give his personal attention to the work of the committee, arranged with Mr. Shearman to pay him \$2,500 for what time he could spare without neglect of his own clients, and inside of a year a report was sent to the Legislature by this commission in a book of forms embracing 273 pages in which every stroke of the pen was made by this young man not eighteen months in the practice of the law.

. . . In eight years from that time he was a partner with David Dudley Field, with one-third interest in the immense business of that firm." Of Mr. Field it has been said: "He was a giant, physically and intellectually. He never knew fear. He was not small in any respect. He resorted to no legal tricks for his success. The success of the firm of Field and Shearman was due as much to their correct knowledge of the code of procedure as to intimate or deep knowledge of the principles of the law itself. No firm in the City of New York was ever abused by bar or press as much as that of Field and Shearman. Most of the points how-

ever, on which Mr. Field was at times severely criticised by his brother lawyers were to the great credit of Mr. Field and Field and Shearman subsequently sustained by the highest Court in the State."

An eminent contemporary once wrote of Mr. Shearman: "I have always thought that he had the greatest intellect of any man of his generation at the bar, but it was Mr. Field who gave Mr. Shearman the opportunity to bring out all that was within him, and, without such opportunity—which was exceptional, Mr. Shearman would never have been known except as an author. That, after all, gives more fame than any honor, won at the bar, for books live after men die; and the reason why Mr. Field will be known, when all the lawyers of his own and preceding generations in the United States are forgotten, is because of the innovation he brought about by the introduction of his Codes, the object of forty years of diligent pursuit. In that respect he was like Justinian."

It speaks for itself that Mr. Shearman at thirty-five should have commended himself to intimate relations with a man who was the father of a worldwide reformed "Common Law procedure," who with one brother, Cyrus W., father of the Atlantic Cable, and another, Stephen J., thirty-four years Chief Justice of the United States, formed the celebrated Field triad. His firm being at that time (1866) the attorneys for the Erie Railroad, its officers bargained with them to have Mr. Shearman come and sit in an anteroom of their office simply for consultation, at twenty-five thousand dollars for his year's salary. Succeeding the Black Friday, September 24th of the same year, various suits had been brought in the Courts, involving more than fifty million dollars. Shearman and Sterling,* who had succeeded to Field and Shearman, were retained to defend them, and the law and facts were decided as Mr. Shearman contended that they should be. . . . Before he had been four years at the bar, in connection with Mr. Tillinghast, Mr. Shearman had printed and published a treatise on pleadings and practice in the State of New York, which was a work in two volumes, aggregating more than one thousand pages, and the second volume

*The Shearman and Sterling of today at 55 Wall Street, New York city.

was entirely his own work. In connection with Mr. Redfield a few years later, he published an elementary treatise on the "Law of Negligence," which has run through more editions, as we understand, than any other elementary work published in this country in this generation. . . . Mr. Shearman would draw and execute contracts involving the largest amounts of property and money of any man that has stood at the American bar in this generation and then come home to Brooklyn to this "prayer-meeting" and speak words of consolation to those who were afflicted and suffering; to take his place in the Sunday school and Sunday school teachers' meeting, to give kindly cheer to those with whom he came in contact."

Dr. Lyman Abbott, Beecher's successor in the Plymouth pulpit said of Mr. Shearman: "He was by profession a lawyer, by temperament and nature he was a reformer. . . . He watched the welfare of the poor and suffering, the outcast and the unfortunate, and he studied how to relieve them. This it was that made him interested in labor organizations, that made him a single tax man, and a civic and municipal reformer. He gave a large measure of his life, and brought all his energy to problems that touched the lives of others, and did not touch his own."

Edward M. Shepard said: "I declare of Thomas G. Shearman that few men of our land, or of our time, have nearly approached him in zeal for the rights of the plain people, as against the craft and strength of the more powerful."

Something of general interest to all real students, but especially to those of the law, is found in the critical analysis of a fellow craftsman, a partner for some years previous to his connection with David Dudley Field, Mr. Amasa J. Redfield, who wrote of Mr. Shearman: "His mind was pervaded by 'an original, intrinsic equity.' . . . If a particular judgment had wrought an injustice, he instinctively questioned or peremptorily denied its authority to control in any other cases, however eminent the court which pronounced it. As he conceived it, the aim of law is to accomplish the ends of justice, or, as put by Burke, 'there are two, and only two, foundations of law—equity and utility.' . . . He was never dismayed by a multitude of cases bearing upon a given point of law, however various

their particular facts, or apparently irreconcilable their several judgments with each other; he seemed to have an intuitive perception of the real principle at the bottom of the whole mass of adjudications, and brought it forth to the light, in a single comprehensive statement, marvelously brief and clear. At the same time, as I have had many opportunities of observing, his precise and logical habit of mind tended always to moderation of statement and the avoidance of excessive generalization.

He had a faculty of instantly catching sight of an important point of any narrative or argument—or the absence of any—on each page of a book as he rapidly turned leaf after leaf. He seems to have had Macaulay's knack of never reading the lines of a printed page, but took in the whole of it at one sweep of the eye, from top to bottom, discovering at once whether it was worth a more careful perusal. . . . In him the man was greater than the lawyer.

His professional obligations were many and insistent, but such were the sincerity of his sympathy and his large view of things, that he never lacked the time nor the grace to step aside to help a friend,* nor the will to devote his powers, without a suggestion of personal advantage, to the promotion of every civic and civilizing endeavor."

Mr. Shearman left an estate not far exceeding three hundred thousand dollars. It would have been much larger had it not been for the charity he was constantly dispensing. Although his business was domiciled in Wall Street, he was not a speculator. The size of his estate was not the result of real estate transactions but of his savings from

*In view of the foregoing tributes, the writer trusts that he does not violate the proprieties when he betrays an ambition to couple his name in ever so humble a way with that of a man whose life was so full of laudable accomplishments, by inserting here a quotation from the private correspondence of Mr. Shearman who had been speaker of the evening at four of the series of banquets then being given by the Massachusetts Single Tax League. On his last vacation he wrote from Geneva to a favorite Sunday School pupil, now Mrs. C. J. Northrop: "In all times it has been the misfortune of reformers that some of their advocates have made it impossible for others to do any effective work for them for considerable periods. At this time the professed friends of every reform, in which I am much interested, insist upon mixing it with retrograde movements or have adopted a policy of bitterness and vituperation or have thrown it entirely overboard. There is no one left, except Mr. Fillebrown, with whom I can co-operate. I have told him that I will do anything for and with him that a New Yorker can do for a Bostonian."

income. It was not due to especially large fees. Those that he received were moderate. He did a great deal of professional work without any charge whatever, from sentiment for the unfortunate or as a charity. He had an exceedingly keen mind, and an exceptionally retentive memory, and to these two qualities he was, to a most extraordinary degree, indebted for his success.

The foregoing will give the reader an outline picture of the type and caliber of a man who gave his best years and best efforts to present the principles and possible practice of the single tax, cleared of all economic entanglements, in such plain form that they can be intelligently studied by taxing authorities, economists and all others who are interested. It is believed to be of educational value to present here his own delineation of taxation as a science, together with his prediction of what betterments it may be expected to work in the line of social welfare.

Of the science he wrote in the ninth chapter of his book:

If there may be anywhere found in actual operation, in every civilized country, a species of taxation which automatically collects from every citizen an amount almost exactly proportioned to the fair and full market value of the benefits which he derives from the government under which he lives and the society which surrounds him, may we not safely infer that this is natural taxation? And is not such taxation capable of being reduced to a science?

Such an automatic, irresistible, and universal system does exist. All over the world men pay to a superior authority a tribute, proportioned with wonderful exactness to these social advantages. Each man is compelled to do this, by the fact that other men surround him, eager to pay tribute in his place if he will not. The just amount of this tribute is determined by the competition of all his neighbors; who calculate to a dollar just how much the privilege is worth to them, and who will gladly take his place and pay in his stead. Every man must, therefore, pay as much as some other man will give for his place; no man can be made to pay any more.

§ 2. GROUND RENT. This tribute is sometimes paid to the state, when it is called a tax; but it is far more often paid to private individuals, when it is called ground rent.

Where there is no government there is no ground rent. As government grows more complex and does more for society ground rents increase. Any advantage possessed by one piece of land over another will, it is true, give rise to rent; but that rent cannot be collected without the aid of government; and no advantage in fertility is ever equal in value to the advantage of society and government. An acre of sand on the coast of New Jersey, at Atlantic City, Cape May, or Long Branch, is worth more rent than a million acres of fertile land five hundred miles distant from all human society. The sixteenth of an acre of bare rock in New York City is worth more than a thousand acres of the best farming land in Manitoba.

Ground rent, therefore, is the tribute which natural laws levy upon every occupant of land, as the market price of all the social as well as natural advantages appertaining to that land, including, necessarily, his just share of the cost of government.*

*The definition of rent here given is not inconsistent with the principles of Ricardo; although it was not expressed in his words. As Senior and other friends of Ricardo have remarked, he never took pains to express himself accurately; and he constantly assumed that his readers would remember every limitation which he had once laid down and would comprehend all that was implied in his mind. His definition of the law of Rent is a remarkable illustration of his peculiar methods.

No man could have been more fully aware than was Ricardo, of the enormous amount of rent which was collected in his own time from land which had no fertility and no productive power. Most of his life was spent upon just such land in London; and for the use of such land he paid and received great rents. Yet his famous definition assumes that rent is never paid for anything except "the use of the original and indestructible powers of the soil." And his exposition of the operation of this law is confined so strictly to the growth of "corn" (that is, wheat) that some of his disciples and many of his critics seriously assume that Ricardo did not suspect the existence of any law of rent, which was not governed entirely by the growth of "corn."

But Ricardo's methods, in this and in other instances, recall the style of the Ten Commandments. Taken literally, those commandments are as defective a code of morals as can be found in almost any ethical system. They do not in terms forbid the most brutal violence or recklessness, if death does not result, nor any form of fraud or swindling not amounting to literal theft. They do not forbid any form of outrage upon unmarried women. They do not forbid lying, except in judicial proceedings. They have not a word about malice, envy, hatred, bribery, betrayal of trust, or even treason. And yet both the Hebrew nation and the Christian church have always seen these prohibitions implied in the curt words which denounce merely a few of the worst and most striking forms of crime.

So it was with Ricardo. He took the most striking and

§ 3. THE JUSTICE OF GROUND RENT. Now observe how perfectly this natural tribute meets all the requirements of abstract justice, with which our professor-freinds have so long wrestled in vain. Here is the exact *quid pro quo*. No sane man, in any ordinary society, pays too much rent. For he pays no more than some other man is willing to pay for the same privileges. He therefore pays no more than the market value of the advantage which he gains over other men by occupying that precise position on the earth. He gains a certain profit out of that position, which he could not gain elsewhere. That fact is conclusive proof that this profit is not the fruit of his labor, but comes out of some superior fertility in the soil, some superior opportunity for selling the fruits of his labor, some superior protection from government in the enjoyment of those fruits, or some other advantage of mere position. Thus he receives full value, in exchange for his payment. *He* receives it; not merely society in general. He receives the *whole* of it; he is not compelled to divide a dollar's worth of this benefit with his neighbors. But, on the other hand, he pays the full value of what he thus receives; and he owes nothing more to anybody. The transaction is closed upon fair and equal terms.

Here, then, is a tax, just, equal, full, fair, paid for full value received, returning full value for the payment, meeting all the requirements of that ideal tax, which professors and practical men alike have declared to be an impossibility. It is not merely a tax which justice *allows*; it is one which justice *demands*. It is not merely one which *ought* to be collected; it is one which infallibly will be and is collected. It is not merely one which the state *ought* to see collected it is one which, in the long run, the state *cannot prevent* from being collected.

easily understood illustration of a principle, as his method of stating the principle itself. His writings always bear the marks of a genius, which was driven by its own internal energy to find relief in utterance, but which cared very little whether its utterances were understood or not. In this particular instance, he suggested a principle by a single illustration of the most familiar character. But the principle is not limited by the illustration. Any advantage which one piece of land has over another, for the use of man, was included, in Ricardo's mind, among the "original and indestructible powers of the soil." And foremost among these advantages stands that of affording standing ground, in the midst of a highly civilized society, under the protection of a highly organized and faithful government.

The state can change the particular landlord: it cannot abolish rent.

§ 4. LANDLORDS' NATURAL TAX-GATHERERS. It is quite true that some men do not pay ground rent to any one else. But these are landlords, of the most highly developed type. A few of these men seem, at first glance, neither to pay nor receive ground rent. But this is an illusion. They do receive such rent, in the value which remains in their possession, in excess of what they would hold if they paid rent like other people. Moreover, such men almost invariably have either paid a price for the land on which they live (which is capitalized rent paid by them), or they hold land which cost them less than they could sell it for (which is capitalized rent gained by them), or they have done both.

Those who actually receive ground rent, or who could receive it if they would, form the class which we call "landlords." They are the tax-gatherers appointed by Nature. Year by year they assess the value of the privilege of occupying their land. They can do this, with an accuracy to which no government assessor can ever attain; because they receive, at least once a year, the best possible information as to this value, in the form of bids from tenants. They have only to announce their willingness to receive bids; and the bids come in. Nobody runs after the assessor, to tell him what property is worth. Everybody runs after the landlord, to tell him what his land is worth. Not that anybody tells him the truth; but he soon finds out what is the truth, by comparing conflicting statements.

The landlord, we repeat, is Nature's elected tax-gatherer. But Nature does not compel him, any more than any other collector of taxes, to pay over to the state what he collects. This must be done by the state itself.

§ 5. TAXATION OF GROUND RENTS. Nature, having thus provided a method by which all men pay, of necessity, a tribute sufficient to defray all expenses of government, clearly points to the collection of such expenses from this tribute. We have already seen that Nature and Science condemn every other method of raising public revenue, by making equality and justice impossible under any such method. Do they not, with equal clearness and precision, point to the taxation of ground

rents, as not merely a just method of raising revenue but also as the *only* just one? Scientifically speaking, a tax upon ground rents is not a tax at all; it is merely the collection, by the state, of a tax already levied by an automatic process. If we call it a tax, it is a tax upon the proceeds of taxation, and nothing else. Until this source of revenue is exhausted, every other tax is double taxation. So long as this fund remains, every other tax is of necessity unjust, as truly as it would be unjust to squander the proceeds of any tax among a few favored officials and then levy the whole of the same tax over again upon the people. Seldom has there been a more beautiful illustration of the wise yet relentless working of natural law, than in the proved impossibility of justly collecting any tax other than upon ground rent. It shows that Nature makes it impossible to execute justly a statute which is in its nature unjust. The propriety of an exclusive tax upon ground rents is established, not merely by affirmative proof of its justice, but by the demonstration of universal experience that no other form of taxation can be made effective, adequate, just, and equal.

§ 6. NO OBJECTIONABLE METHODS OF COLLECTION. The absolute soundness of the theory upon which the tax on ground rents is based is further established by the fact that its efficient collection requires no objectionable methods. Such a tax already exists in the United States; although it is covered up by a multitude of other taxes. We all know, by experience, that such a tax is entirely free from the oppressive and corrupting incidents of other taxes. It calls for no personal returns, no taxpayers' oaths, no exposure of private affairs. The collector of such a tax would not have the slightest excuse for inquisitorial proceedings, for the examination of private books, for entry into houses, for personal searches, or for asking a single question of the taxpayer. In fact, he would not pay the smallest attention to any statement which a taxpayer might make. Women and children would be taxed no more heavily than men. Trust estates would pay no more than others. There would be no exemptions, no favoritism, and no preference given, either to the rich or to the poor. Mistakes of course would occur; and the bribery of assessors would be pos-

sible. But those are an extremely small part of the evils of all existing methods of taxation; and some of the most monstrous inequalities are found where the assessors are absolutely incorruptible and thoroughly competent. All of these would disappear.

§ 7. ASSESSMENT OF GROUND RENT PRACTICABLE. It is asserted by a few persons, who have given no careful consideration to the subject that it is as difficult to assess accurately the value of the bare land, as it is to assess any other property. This objection will not bear the least examination.

Of course *absolute* accuracy is not to be expected in anything. It has not pleased God to make this world literally perfect, in any respect; and man cannot hope to be wiser than his Maker. But a close approach to accuracy is possible in taxing ground rents; and it is not possible in any other tax.

Where land is rented separately from its improvements, the tax can be collected with almost ideal accuracy. The tenant can be required to pay it, being allowed to deduct it from his rent. He will have no motive for understating the rent; and if he overstates it, the loss will be his own. Nothing but positive fraud on the part of the official assessor can produce inequality in this tax; and such fraud would be too dangerous to be common.

Where land and improvements are rented together, the value of the land alone is always approximately ascertainable. Real estate dealers in the district would have little difficulty in estimating the price at which any tract of land could readily be sold; and this would be the proper basis for assessment.

Where land is owned by the actual occupier, dealers can still easily estimate its market value. Titles to town lots are continually changing; thus fixing a standard of prices; while in rural districts there is much less variation in prices; and all the neighbors know the relative value of each farm. Whatever inequalities might remain, it is certain that they would be vastly less than those which are now common.

§ 8. ASSESSMENT OF FARM LANDS. It has been asked: How can the unimproved value of farm lands be ascertained after they have been cleared, ploughed, drained, and fertilized for many years? The answer is simple. The whole of a farm

is to be assessed at the same value, per acre, which attaches to the unimproved land, remaining on the farm and having substantially the same natural advantages or disadvantages. It is next asked: How shall such an estimate be made, if the whole farm has been fully cultivated? There is no such farm, except a few very small ones, selected from larger farms; and in those cases the valuation can be made upon the basis of unimproved land on adjoining farms. It has been pretended that there are cases, in which there is no unimproved land near by. But this is almost absurd. Yet if such a marvellous farm could be found, it is certain to be close to a highway. The price which could be obtained for the land covered by the highway, if closed and sold, would afford a perfect test of the value of all adjoining land.

But the best reply to all such objections is to be found in the practical experience of California, where this very method of assessment is carried out in agricultural districts, without difficulty, having been required by law, ever since 1879, and by the experience of Massachusetts, where the value of farm lands has been ascertained by the decennial census, for many years, carefully separating the value of improved lands from unimproved and unimprovable lands.

§ 9. JUDICIAL CORRECTION OF ASSESSMENTS. Under the present systems of taxation, it has been found necessary to allow appeals to the courts from some unjust assessments, while State boards of equalization in New York, Illinois, California and other States put county valuations up or down, in order to remedy the evils caused by local carelessness or evasion. These remedies should be extended and placed upon a foundation of complete justice. The courts should be given full power to make local assessments uniform, reducing every assessment to the basis of the lowest in the county. The county would lose no revenue; for the tax rate would be increased to correspond with the general reduction. But citizens would be relieved from the gross injustice which many now suffer. At present, in New York, if not everywhere, a taxpayer can obtain no relief, unless his own property is overvalued. But an undervaluation of his neighbors is just as effectual an increase of his share of the general burden as would be an over-

valuation of his own property. It would cast an offensive responsibility upon him, to give him relief only through a judgment increasing his neighbors' assessments; and such a course would produce no better result for the county than would a general reduction to one common basis. The State at large would take care of its interest in the matter, through the board of equalization.

§ 10. CORRECTION BY SALES. If all other remedies failed, one would remain, which is far too dangerous for use under existing methods, but which would be quite safe under the new system. The owner of any real estate which was assessed for more than the real value of the bare land, could refuse to pay the tax. Then his land would be offered for sale to the highest bidder, subject to the obligation of paying to the owner the appraised value of all improvements thereon, upon the principles already stated. The value could never be more than the cost of replacing the improvements, and it would often be much less; because costly buildings are frequently erected in situations where they are or become useless, and therefore of no value. To the full extent of their actual market value, however, the purchaser at a tax sale would be required to indemnify the owner. Such a sale would determine the precise value of the land, for the purposes of taxation.

Nor would such sales, however frequent they might be, work any hardship to the landowner. He would have a right to bid; and he would have great advantages over any other bidder. All the money paid in excess of the tax and the penalty would go directly into his pocket; and, therefore, he would be the only bidder not required to pay more than that sum. If the tax were really excessive no one would bid up to it; because the purchaser would be compelled to pay annually thereafter as large a tax as he was willing to bid at the sale. The tax sale, in short, would fix the valuation upon which future assessments would be made. Thus the ground rent (which, capitalized, constitutes the only value of any land) would be fully taxed, while the land-owner would have absolute security for the possession of the value of all his improvements, free of tax. But no such experiment would ever become really necessary.

§ 11. TAXATION OF FRANCHISES AND

MONOPOLIES. It has been already mentioned that the professed defenders of farmers and other owners of small homesteads oppose the concentration of taxation upon ground rents, on the plea that this would exempt all franchises and monopolies, including railways, express companies, telegraphs, telephones, gasworks, electric lighting works, oil-pipe lines, and the like. If this were the fact we may be sure that the shrewd managers of such monopolies, assisted as they are by the most sagacious and experienced advisors in the country, would have discovered it by this time. We may also be sure that the legislatures of two-thirds of the States, owned as they are, body and soul, by corporations of this precise class, would hasten to avow their conversion to the principle of taxing ground rents and to embody it in their statutes. The Senate of the United States would before now have passed any necessary amendment to the Constitution, by a two-third vote.

But do we see the slightest tendency in this direction? Is the proposal received with favor by the managers of a single great railway or telegraph or of any great monopoly? On the contrary, is it not notorious that they are unanimously and bitterly opposed to it?

These gentlemen are not deceived. They know well enough that their valuable franchises represent exclusive rights to the use of land, and that they neither have nor can have any exclusive rights to anything else, except to patent rights, which are very costly, and which last only for a few years.

§ 12. RAILWAY FRANCHISES. Take one of our great railway lines, for example. Add up either the market value or the cost of replacing its rails, equipment, building improvements and chattels of every kind, whether movable or immovable, and at a most liberal valuation. The total will not come within millions of its nominal debt, and will never touch its capital stock. What gives value to the enormous amount of stock? The exclusive privilege of using a narrow strip of barren land, five hundred, a thousand, or two thousand miles long, unbroken by highways or any other rights over land, whether public or private. Under the present system railway managers persuade local assessors that this land should be valued no higher than equally barren land in adjoining farms; and the

farmers' special advocates insist that this is the true basis of valuation. But it is absurd.

The value of all land depends upon the value of the use which can be made of it. No farmer can use his land for the carriage of goods or passengers, beyond the limits of his own farm. If all the farmers between New York and San Francisco agreed to build a railway, without forming a railway corporation, they would be compelled to break their line at every highway, to dismount their passengers and to unload their freight. Therefore, nobody outside of a railway company can use his land for this most valuable purpose. And this privilege of using an unbroken strip of land, with locomotives running forty miles an hour, is all which gives to the stock of any American railway company its market value; while it generally covers from one third to one half of its bonds, in addition.

The notion that such privileges on land are to be appraised by the acre, like farm lands, can be readily tested by applying the same principle to any other land. In great cities land is often sold at a price estimated by the square foot. Some lots, containing 2000 square feet, are salable for \$200,000, or \$100 per foot. But if a single foot of this land were sold by itself, with the knowledge that no more could be had, who would give even one dollar for it, except as a means of blackmailing the owner of the rest? Just so, the value of a strip of land unbroken for a thousand miles, for use as a railway, is something immense; while the same land cut up in a thousand sections, never to be united, would be almost valueless. For purposes of transportation it would have no value whatever.

Again, the value of land depends upon the variety of uses to which it may lawfully be put. Steam railways, although very useful, are to some extent a nuisance. The government cannot permit them to be operated upon every tract of land. Consequently land owned by individuals is generally restricted to other uses; and it is therefore worth less than land owned by railway companies.

§ 13. OTHER FRANCHISES. The franchise of a telegraph company is of the same nature. It is absolutely nothing but an exclusive privilege to extend its wires over land. But this privilege is of enormous value. The founders of the Western Union Telegraph Company have managed to sell

this privilege to investors in its stock, for at least \$50,000,000.

The franchises of gas companies, electric light companies, steam heating companies, water works, and the like, consist so obviously of mere privileges to use unimproved land as to need no explanation. Street railroads, also, so palpably own no privileges other than the mere right to run over bare land, that it seems almost an insult to the understanding of any reader to explain the case. None of these corporations have any other franchises, than these rights over land. For these franchises, most of them have paid enormous bribes to legislators and aldermen. Upon these franchises they have issued vast amounts of stock and bonds. One such corporation, after purchasing all the rails, equipment, and other productions of human labor connected with the road, for about \$200,000, proceeded to issue \$8,000,000 of stock and bonds, upon its land privileges.

It will be said that there are general railway laws, so that anybody can construct a new rival line, and thus destroy the land values of an existing line. Whenever that can readily be done, the truth of this theory is promptly proved, by the destruction of stock values in both corporations, as in the desperate struggle between the New York Central and the West Shore lines in 1884. But this is only partially true. A rival line must run through towns and very near cities; or it can get little business. The aldermen of every city must be bought up; and as the old corporation will pay liberal bribes to induce the aldermen to do nothing, the new one must bring far more liberal considerations to bear upon our patriotic rulers. Nor is it merely a question of money. Bribery must be conducted decently and in order. Public sentiment must be judiciously worked up to support the scheme. It requires an immense amount of ingenious and well directed effort to carry any such project into effect.

In the case of street railroads, telegraphic subways, gasworks, and other privileges in cities, it is obvious that the limit is soon reached; and even the liberality of a legislature or a board of aldermen cannot make room for many rival schemes of this kind. The streets cannot be torn up forever; although, in New York and Brooklyn, they do not fall much short of this. The limits imposed by

nature are such that more than three fourths of the whole market values of the stock and bonds of corporations, having these municipal privileges, consist of pure land values.

Under the present system, in most cases, all these enormous values go untaxed. The law of New York distinctly exempts franchises from taxation; although it is well settled that they would be taxable as "land" but for this legislative interference. Under the system here proposed all these values would be fairly taxed.

§ 14. CAN THE RENT TAX BE SHIFTED?

While the Duke of Argyll and all his landlord allies rend the air with their denunciations of the proposed tax, on rent, as confiscation and robbery, other opponents of the tax, appreciating the fact that tenants far out-number landlords at the polls, devote their energy to proving that this tax would all be shifted upon tenants, by an increase of rent, so that landlords would finally pay none of it. If this were true, then no relief from the unequal distribution of wealth can be had; for all direct taxes would ultimately fall upon consumption, just as surely as do indirect taxes. In short, no tax would be really direct. The greatest benefit thus far held out, as the result of adopting an exclusive tax upon ground rent, would be unattainable under that or any other system.

On the other hand, if this doctrine is true, the indignation of the Duke of Argyll and all the great landlords of Great Britain and Ireland is absurdly misdirected. If they can recover this tax from their tenants, precisely as the importer of foreign goods recovers customs taxes from the purchasers of those goods, they will lose nothing by the change, and may even profit by it. It is very clear that the landlords do not believe a word of this doctrine of shifting taxation; for if they did they would look with indifference, if not with positive favor, upon the taxation of ground rents. So far from doing this, dukes, earls and marquises are eagerly struggling in England for election as councilmen and aldermen, for the sole purpose of preventing the taxation of ground rents.

The weight of authority upon such a question is worthy of attention, although by no means decisive. Now, while a few respectable and sincere students of economic science hold to the doctrine of the

transferability of the ground-rent tax to the tenants, no one will dispute that an overwhelming weight of authority, both in numbers and in reputation, scout that doctrine as absurd. Not only the entire school of Ricardo and Mill, but also nine tenths or more of other economic writers make it a fundamental doctrine of their science that such a tax never can be transferred to tenants.

§ 15. THE QUESTION ILLUSTRATED. Let us, however, consider the question for ourselves, as if it were entirely new. The simplest way of testing it is to imagine that the tax was made heavy enough to absorb the whole rent. For, although this is impossible, it really makes no difference whether half or the whole of rent is taken by taxation, so long as the state is determined to take some fixed proportion of rent. Any good accountant can satisfy himself that the result would be the same under either plan. But persons unaccustomed to figures could not follow any other calculation so easily as they can follow one based upon a tax equal to the whole rent.

Let us then suppose the "single tax unlimited" to be in operation. Let us suppose the total ground rent of the United States to be \$1,000,000,000. The total production of the nation does not exceed \$13,000,000,000 per annum. Out of this, 65,000,000 people have to draw their living expenses. Even if they have no ground rent and no taxes to pay they could not possibly save \$5,000,000,000 a year. But suppose they could. The landlords collect in rent \$1,000,000,000. The government takes the whole of this in taxes. The landlords then shift the tax upon the tenants, and insist upon collecting \$2,000,000,000 in rent. But the government next year taxes the whole of this increased sum out of the landlords. The landlords then raise their rent to \$3,000,000,000. But the government immediately takes the whole of that in taxes. The landlords raise their rent to \$4,000,000,000. The government again takes it all. They raise rent once more to \$5,000,000,000. Again it is all swallowed up in taxes. Will the landlords raise their rent again? How can they? They would by that time have taken every dollar that tenants earned, over the barest living; and if they attempted to extort another dollar, some tenant would die of starvation; and rents would fall, from lack of tenants. And as the

government would have extracted the whole of their rent, they would have gained not a dollar by their persistent oppression of their tenants.

§ 16. DISTINCTION BETWEEN LAND AND HOUSES. It will be said that nothing of this kind could really be done by any government. Quite true; but that is simply because nothing of the kind could be done by landlords. Landlords know, to their cost, that it takes three or four years to enable them to recover from tenants even increased taxation upon houses; although they will recover it in the end. But, since it is difficult to recover a tax which tends to diminish the number of houses, how vastly more difficult must it be to recover a tax upon the value of land, which has no tendency whatever to diminish the amount of available land.

And here the reader can see the reason for the distinction. If owners of houses cannot recover from tenants the tax upon houses, nobody will build any more houses for renting. But the owner of land cannot create any more land, no matter how liberally he may be paid for it; and he cannot diminish the area of land no matter how little he may receive for it. Every increase of taxation upon ground rents makes it more difficult to keep land out of us; and therefore it increases the competition between landlords to get tenants. Under a light tax upon ground rents, two tenants pursue one landlord. But under a heavy tax, two landlords pursue one tenant. If ground rents should be taxed even to half their amount, landlords without tenants would be compelled to sell at any price to other landlords who could get tenants. The tendency of all taxes upon ground rents, therefore, is to reduce rent, rather than to increase it; and this makes the very idea of a transfer of such taxes to the tenant utterly absurd.

A moment's reflection will satisfy every one that landlords charge just as much for their land as they can possibly get, except in special cases of good nature, charity, or ignorance.* In all ordinary cases the only reason why they do not charge more is that they cannot find anybody able and willing to pay more. How can this condition be changed by taxes

*This is universally true in the United States. In many parts of Europe, especially in England, agricultural rents are limited by custom and public opinion. In Ireland, they are often limited by law. But all that results from such restrictions is that rent is divided between two or more landlords. The

upon rent? It is not and it cannot be. The average landlord will charge the highest rent which he can get, tax or no tax. And, as no man will ever get more than he can get, no amount of tax upon ground rents will ever be shifted over to tenants by an increase of rents.

§ 17. AMOUNT OF THE TAX ON RENT. It does not follow that the state should compel the landlord to pay over all that he receives. If the state could and should do this, the landlord would cease to do his work; because he would receive no compensation for it. Natural laws again settle this question, by making such exact collection impossible. Not all the power of all governments, concentrated upon the landlords of a single town, could extract from them *precisely* one hundred per cent. of the rent received by them.

Nor does it follow that even ninety per cent. of rent ought to be taken. Where rents are large the retention of ten or even five per cent. might be sufficient to induce landlords to follow up tenants and extract from them that just rent which every one ought to pay. Where rents are small a commission of ten or even fifteen per cent. may be insufficient for this purpose. An iron rule is not a natural rule; and it will not work well.

What would Nature or Science dictate upon this point? Is it not that the state should collect from the natural tax collectors whatever amount the state really needs, for the effective but economical administration of government? Is it not better, in case there should remain any considerable excess over this, that it should remain in private hands, rather than it should be taken by the state, before the state officers know how to use it for the real benefit of the people at large? Grant, if you please, that there would be such surplus of rent as to breed wasteful luxury among landlords, is not this less injurious to the community than wholesale waste and embezzlement of public funds? Our whole national history illustrates the truth that surplus public revenues first corrupt public officers and then debauch the nation itself.

mass of the people, who are the real, final tenants, gain nothing whatever. The farm-tenant either sublets the farm, at a higher rent, or he makes a larger profit out of the farm, with out selling his produce any cheaper or paying a penny more wages to his laborers.

But in fact, in the long run, there will be no such question to decide. The honest needs of public government grow faster than population and fully as fast as wealth itself. Local taxation will increase rapidly; and it ought to do so. Such taxation increased in Ohio, for example, 1400 per cent. in forty years, between 1846 and 1886; while population increased only 100 per cent, and wealth 1000 per cent. It is more likely that vigilance will be needed to prevent the taxation of rent from rising too fast, than that it would be required to keep landlords from retaining too much. This does not imply that ground rent will not be sufficient to supply many, possibly all, of those additions to human happiness which Henry George has pictured in such glowing words. But such extensions of the sphere of government must take place gradually; or they will be ruinous failures, simply because the state cannot at once furnish the necessary machinery for their successful operation.

This natural tax might be adopted in one day, not only without injury to the nation, but with positive benefit to more than nine tenths of all the people. But this would be strictly upon condition that the amount collected for public use should not at first exceed that which was previously collected. Indeed, it would be essential to the permanence of such taxation that public revenues should be at the beginning of the new system even smaller than they were immediately before. And we may be perfectly sure that they would be. A body of 4,000,000 taxpayers will take care of that.

§ 18. NEW BENEFITS SHARED WITH LANDLORDS. There is, nevertheless, a certain element of truth underlying the idea that a rent-tax can be shifted. While it is not true that one dollar of the tax can be transferred to the tenant, in any case where rent is fixed upon strictly business principles, it is true that, in many places, and especially in rural districts of England, the owners of farm lands do not charge the full market value of the land to their tenants. Personal considerations, kindness of feeling, custom, long-continued relations between the families of the landlord and the tenant, public opinion, tradition, the desire to control votes, and many similar influences keep rents below their market value. Under a system of taxation, concentrated upon rents, these influences would lose

much of their power. Under a tax, deliberately raised to the highest practicable point, these influences would lose all of their power. Tenants would, therefore, find their rents increased to the full value of the land. Here would seem to be a real shifting of the tax.

But this would be only a seeming, not a reality. The tenants who now receive the benefits of those influences, are in reality themselves landlords, to that extent. They divide economic rent with their landlords. They do not divide the rent, thus left in their pockets, with the community at large. They do not reduce the prices of their products or charge any less for their services. Many of them sublet a part of the land to others, to whom they charge the full market price. The community as a whole, pays just as much rent, when the duke allows the farmer to occupy land at 20 per cent. below its full value, as it does when the duke's creditors seize his land and make the farmer pay the last penny that the land is worth. The farmer sells wheat at the same price and pays to his laborers the same wages, in either case. But there is a good deal of difference in the style of his daughters' dresses and the length of his annual vacation.

There is another result which must follow, if the community gains in wealth and happiness, through this change in methods of taxation. Every advance in prosperity—every widespread increase in wealth, tends to increase rent. If it is true, as will be presently maintained, that this reform in taxation will stimulate production, increase wages, promote the development of industry, add to the profits of capital and reward the efforts of skill, then there will be a greatly increased demand for the locations which offer the best natural opportunities for the use of capital, labor and skill; and ground rents will rise. But this is not the shifting of an old burden; it is the sharing of a new benefit.

Of the effects of such a science he prophesies in the thirteenth chapter that:

The adoption of a natural, intelligent, and scientific system of taxation would bring about a just distribution of wealth, would give a perpetual stimulus to industry and production, would greatly increase wages, would increase the profits of capital, would give a security to property now unknown, would encourage manufacturers, commerce, and

agriculture, and would incidentally solve many social problems which under present conditions seem almost insoluble

It is hoped that as each branch of the inquiry has been discussed, it has appeared that each step towards this great but simple reform has been attended with the solution of some difficult problem. But others have been reserved for this final review.

§ 2. STIMULUS TO PRODUCTION. It must surely be evident, without argument, that when all taxes are concentrated upon ground rents alone, and when every piece of land is estimated for assessment at the amount for which it could be rented for present use, the tax constantly increasing, in exact proportion to any increase in the rental value of the land, it would generally be impossible to hold any land out of use for the purpose of speculation. The only exception would be cases in which it was so clearly desirable that the land should be preserved for future use, that its possessor could better afford to pay the tax out of his capital than to allow the land to be put to any present use which would spoil it for a more desirable future use. The pressure put upon the land-owner to make immediate and beneficial use of the land would, in most cases, be irresistible. The result, in all but a few exceptional cases, would be that all land, which any one cared to claim as owner, would be put into immediate use for productive purposes; while a vast amount of land which is now held for pure speculation, would be abandoned to the use of any one who was willing to pay the annual tax

Under such a system all land would be made useful, up to its full capacity. The possession of land would necessitate the constant employment of labor in its use and development; and all who were unable or unwilling to use land to the best advantage of the community would abandon it to those who were both willing and able.

But this is only one of the many stimulants to production which are involved in reformed taxation. Think of the many other encouragements which industry would receive. Money and credit, free from all taxes, would crowd into the industrial field. Factories, mills, furnaces, foundries, workshops, stores, offices, machinery, tools, instruments of production in every conceivable form, would all be free from taxes. The farmers' barns, crops, plows,

tools and implements, his horses, cattle, sheep, materials and products of every kind, would be free of tax. His land could be drained, stubbed, subsoiled and improved to the highest point, without adding a dollar to his taxes. Commerce would be free as air. The farmer would buy in the cheapest market, and sell in the dearest. Monopoly could no longer hinder production. The only limit of production would be the limit of demand.

§ 3. EFFECT ON WAGES. Using the term "wages" as including all forms of compensation for personal labor, it should seem clear that the great increase in production which would thus be brought about must greatly increase the demand for labor, and would therefore produce a general and permanent advance in wages.

Nominal wages, expressed in terms of money, must advance, because there would be an anxious demand for labor on the part of all land-owners. For without a constant supply of efficient labor, the annual tax could not be paid; and then the land would fall into the hands of those who would extract from the land, either by their own labor or by the labor of others, a revenue sufficient to pay the tax, with a profit. The increased demand for labor thus arising would, in any country large enough to make a rate of its own, largely increase the general rate of wages. That this is the invariable result, in all similar cases, has been abundantly proved by past experience. The opening of new land to labor has always tended to increase wages; and under the proposed system of taxation there would be an enormous increase in the new land thus opened to labor, and therefore a corresponding increase in the reward of labor. The effect upon wages would be precisely that which would be produced by the discovery of a new continent of fertile and healthy land.

Real wages (in other words, the real reward of labor) would be increased to a much greater extent than nominal wages. For while wages, expressed in forms of money, must rise, as already shown, prices of the good things which wages buy would fall, on account of the much greater production of such things, which would result from the immensely greater application of labor and capital to land. More than this, it having been already shown that the bulk of taxation is now borne by the wage-earners

and that the whole of this taxation would be taken off their shoulders by the new system, their *real* income would be practically increased by the full amount of this reduction of taxation; the effect of which they would feel in a general reduction of the cost of living.

§ 4. EFFECT ON MONEY WAGES. The advance in money wages must, of necessity, be rather vaguely estimated. But long experience has furnished abundant means for trustworthy calculations. It is not at all necessary that there should be a demand for double the number of laborers, to double the rate of wages. A much smaller increase in the demand will suffice, so long as the supply of labor does not meet the demand.

It having been shown that the taxation of ground rents would compel their owners to employ labor in producing something, out of which taxes could be paid, while the release of the great purchasing class from heavy taxation would enlarge their purchasing power, it follows that an immediate demand for labor would arise, in excess of the local supply. The degree to which wages would rise, in consequence of this demand, would largely depend upon the extent of the field over which the new system of taxation was in force. The adoption of just taxation in a single county, or even in an entire State, would cause a great increase of production there; but wages would be kept down, to a considerable degree, by the incoming of laborers from outside.

§ 5. IMMIGRATION AND WAGES. But the adoption of just taxation, throughout the United States, would cause a rise in wages far too great to be repressed by foreign immigration. Laborers of all kinds have never yet come to America, in any one year to the extent of even one twentieth part of the home supply. As the new arrivals furnish a market for nearly all that they earn, they do not, at the utmost, furnish an element of competition with native laborers in excess of one half of their earnings.* If, therefore, the average rate of American

*Thus, suppose 800,000 immigrants to arrive in one year, less than half of them would be competitors for wages. Suppose the 400,000 competing laborers to earn \$400 each. They would spend \$350 of this. Half of this would be paid in wages to other laborers, producing what the new-comers wanted. Even if the other half injuriously affected resident laborers, it would amount to less than one cent in each dollar of their annual wages.

wages could be doubled, by causes having a permanent operation, immigration might continue at full tide, for many years, before it could seriously affect wages. The truth of this theory may be illustrated by the case of domestic servants. From various causes their average wages in the United States have much more than doubled since 1860. Those who then received \$6 a month could now readily earn \$14, while living in much greater comfort and having much easier work. The immigration of women of this class has been enormous; but it has never reduced wages. It may well be doubted whether it has even had any material influence in preventing a further advance. All the great advance in the wages of domestic servants has occurred since they began to arrive in great numbers.

We may safely assume that any rise in wages which would result from a reform in taxation, extending over the whole or the larger portion of the United States, would be permanent notwithstanding any probable amount of immigration.

§ 6. AMOUNT OF RISE IN WAGES. As the purchasing power of laborers would be increased at least 15 per cent. from the instant at which taxes were taken off their purchases, an increase of demand to that extent may be assumed as certain, subject to such reduction of demand as might be caused by the reduced profits of the not more than 50,000 families, who would suffer any loss of income through the new taxation. As their losses would not trench upon their usual fund for expenditure, their purchases would fall off only to a very moderate degree. An allowance of \$3000 for each of these families would be ample. This would amount in all to \$150,000,000, or not more than one tenth of the increase of the purchasing power of the other classes. After making large allowance for a saving disposition among the poorer classes, under their new prosperity, it is impossible to estimate the increase in purchases at less than ten per cent., or \$1,000,000,000 per annum. It would probably be much more.

On the other hand, the anxiety of land-owners to put their land to profitable use, the absolute release of all productive industry from burdens, shackles, and restrictions, the untaxed money, untaxed manufactures, untaxed commerce, un-

taxed agriculture and untaxed credit would all combine to give a sudden and tremendous stimulus to industry. Production, for these reasons alone, could not fail to increase immensely. Adding this consideration to the other, the effective demand for labor could not fail to increase by more than one-third; and this would cause a rise in wages of fully 100 per cent.

§ 7. EFFECT ON CAPITAL. The owners of capital will naturally desire to know how their interests will be affected. Will not the doubling of wages diminish the profit of capital? No. On the contrary it will greatly increase that profit.

In the first place it must be remembered, that ground rents are *not* capital. Correctly speaking, they are not even true wealth. They are mere taxes upon wealth—instruments by which tribute can be exacted from wealth. We are now considering only genuine capital—true wealth, employed in the reproduction of wealth.

In the next place, capital necessarily depends for its profit upon a large demand for its productions. Modern capitalists are fully aware that great gains can never come from small transactions, no matter how large the profit on each transaction may be. Sales of \$1,000,000 at a profit of 50 per cent. are of small account, compared with sales of \$100,000,000 at a profit of 5 per cent. The number of those who live without their own labor is and must be always and everywhere so small, compared with the vast mass of mankind, as to afford an insignificant market for the enormous production of modern industry. The vast majority, who labor with their own hands, furnish the only market worthy of consideration for modern capital.

This great majority always spends the larger part of their earnings; and they would continue to do so, even if their earnings were doubled or trebled. The doubling of their wages means, therefore, the doubling of the market for the joint production of labor and capital. It means the doubling of the gross profit of capital. This would not be true of a similar increase of income to any other class. The owners of rent would not double their purchases, if rent were doubled. They would put much of their surplus into capital, competing with capital already invested. This might be good for others than capitalists. Yet, unless it brought about an in-

crease of wages, it would not increase the demand for goods; and so it would not increase the profit of capital. An increase of wealth, in the hands of the few, leads to increased wastefulness in the nature of their expenditures. Their outlay does not reproduce capital. The outlay of the working classes does. Not only does their food renew their vigor, but even their amusements, when intelligently directed, greatly increase their productive power and energy. High wages lead not only to cheap production, but also to a vast increase of production. They also lead immediately to a corresponding increase of the market for such productions.

There is no conflict of interest between labor and capital; although there are many conflicts of interest between individual laborers and individual capitalists. The lifting of all taxation from labor and capital will benefit both.

§ 8. ABSOLUTE SECURITY OF PROPERTY. When taxation is levied exclusively upon ground rent every man will have, for the first time in human history, an absolute and indefeasible title to all of his property which is the production of human skill and industry, subject only to the right of the state to take it, upon making full compensation for its value. Such compensation would enable the owner to replace the property thus taken with other property of the same description and value. This general right of the state is practically no limitation upon the absolute right to individual property.

It is perfectly plain that no one has any such right at present, and that no one can have it, under any existing system of taxation. For, so long as the state assumes the right to tax anything besides rent, it is impossible for any man to retain the entire fruits of his own industry. Every year the state will deduct something from those fruits, under the name of taxation; and no one can ever foresee precisely how much will be taken in this manner. The fluctuations, both in the amounts and methods of such taxes, are so great and incalculable, that no one can have any reasonable certainty as to the extent to which his earnings will be secure against the demands of the state.

But if taxes were once confined strictly to ground rent, all this would be changed. Chattels of every description would of course be absolutely secure;

since the only remedy which would be allowed to the state for the collection of taxes would be a sale of some exclusive privilege on land. But buildings and all other improvements on land would be equally secure against all taking *without compensation*. This is not at first sight so clear; and it needs, therefore, fuller explanation.

§ 9. IMPROVEMENTS PAID FOR ON TAX SALES. The exclusive tax upon ground rent would lose its entire character if the state were allowed, under any pretence, to collect it from personal property or improvements. It is a fundamental condition of such a tax that it be collected *only out of rent*. It must, therefore, when payment is refused, be collected only by selling the control of the taxed land to some person, who will not only pay the tax, but will also pay to the landholder, thus sold out, the full value of all his improvements. If no one will pay the tax, subject to those conditions, that is conclusive proof that the tax is too high, and that it is in reality based upon an assessment including other values than the mere value of the land. The purchaser in such case would, of course, take the land, subject to the annual liability for taxes; but he would also acquire the same absolute title to improvements which the previous possessor had; so that he, in turn, could not be sold out for taxes without full compensation for improvements. Thus no one would ever pay taxes upon the value of any other property than the bare land.

Universal experience has demonstrated that there would not be the slightest difficulty in carrying such a system into practical operation. This system has long been in operation, upon a great scale, both in public and private affairs. Wherever ferry franchises belong to a municipality, as in the city of New York, such franchises are sold at auction, at intervals of five or ten years, always subject to two conditions: first, the payment of rent to the municipality; and second, the payment of full compensation to the former holder of the franchises, for boats, piers, houses, and all other structures and materials used in operating the ferry. Street railroad franchises are sold in the same manner, for terms of years, by every *honest* municipal body having control of the subject*.

*The conception of a really incorruptible city council will seem, to most American readers, too wildly improbable for

lords constantly lease their land for terms of years, to men who erect expensive buildings thereon; the landlords covenanting to pay the value of such improvements upon the expiration of the lease. There is no more difficulty in providing for an annual sale of land, if necessary, subject to these conditions, than there is in providing for a sale in every five, ten, or twenty years. A ferry franchise is just as much a title to "land", within the meaning of law, science, and common sense, as is any other land title whatever.

Of course the valuation of improvements would be made upon a common-sense basis. The landowner, upon making default in taxes, would be entitled to just as much compensation for his buildings as those buildings really added to the market value of the land on which they were built, but no more. If, as often happens, an expensive building has been put up in a district where it could never be of any use, nothing should be allowed for it beyond the value of its materials, after it had been pulled down. But for any really useful building, compensation would be allowed, sufficient to enable the owner to put up a similar building, in similar condition, upon an adjoining tract of land. In short, whatever loss the owner of the building incurred, by reason of his own mistakes or extravagance, he would be left to bear; but whatever value belonged to the building, exclusive of the land underneath it, he would invariably be allowed to retain.

§ 10. THE RAILWAY PROBLEM. This is no place for even a full statement of the great railway problem, with its almost endless branches. Much less will an attempt be here made to give it a complete solution. All that will be attempted is to suggest the close connection between this complicated problem and the simple one of taxation.

It is by no means so clear as it seems to those who suffer from them, that high railway rates are actually unjust. That which is unjust in such cases is generally the fact that the large profits made upon such transactions are in the nature of rent, and equitably belong to the whole community. All

the basis of even a theory. But effete Europe is so far behind us, in the grand march of civilization, that such Utopian ideas are quite common there; and the method of the text is common also.

[†]Benson v. New York, 10 Barbour, 223, 233.

attempts to correct this apparent injustice have thus far failed; and it may be worthy of inquiry whether this failure is not caused by some unrecognized justice in the system complained of. May it not be, that the wrong consists, not in the differential rates, but in the failure of the government to collect any part of these differences for public use?

Are not many of the evils complained of due to inflated nominal values and fictitious securities? That such is the general opinion, is strongly indicated by the stringent prohibition of fictitious stocks and bonds, in the new constitutions of Illinois, Pennsylvania, and other States, as well as in the statutes of still more. But if this opinion is well founded, the concentration of taxes upon land privileges, including railway franchises, will practically settle that question, by taking a very large part of such inflated values for public use.

The complete separation between the ownership of the road and the ownership of moving stock, proposed by Mr. Hudson* would seem to cover all the remaining ground. Under the one natural tax, the owners of the road would be taxed in proportion to the value of its franchise; but the owners of rolling stock would not be taxed at all. All persons and corporations could operate trains upon the road, subject to general rules. If the people of any place were charged too much for the carriage of their persons or property, they could put their own trains upon the road, on equal terms with all others. This was the original railway idea; and it has been abandoned, not because it is really impracticable, as railway managers pretend, but because it is less profitable to railway companies than the monopoly which is created by the present system.

§ 11. JUST TAXATION THE REMEDY FOR UNJUST APPROPRIATION. The proposal of a method of just, scientific and natural taxation is so simple and unpretending, that eager social reformers can not believe it possible that it can carry with it any cure for the evil of our time. They point to the unequal distribution of wealth, the growth and powers of monopolies, the watered stocks and bonds, the bribe-bought franchises, the usurped privileges, the stolen lands, the whole-

*The Railways and the Republic.

sale appropriation of public property to private use; and they ask how it can be possible that "a mere fiscal reform" can bring relief from any of these evils. Yet it can. No great upheaval of society is needed. No social re-organization is required. No general state assumption of the machinery of production is either necessary or desirable.

It is continually but erroneously denied that the enormous fortunes of the present day are due to land monopoly or to methods of taxation. Fortunes of considerable extent are gained by skill and genius; and there is no good reason why such fortunes should not be encouraged. Bessemer, Edison, Bell and other inventors have deserved wealth; and the capitalists, who made their inventions possible and forced them upon public attention, deserve it too. But all the unwieldy fortunes, and all which have had an undesirable origin, owe their existence to some form of monopoly, which could not have existed under the natural system of taxation.

The enormous wealth of British dukes and of our own—or lately our own—Astors, is of course due entirely to the comparative exemption of ground rents from taxation. But all the excess of wealth gained by railway kings, above a liberal compensation for shrewdness, sagacity, and foresight, is due to precisely the same cause. It has been shown that the chief value of railways consists in exclusive and peculiar privileges upon land; and the greatest part of this value arises from its comparative exemption from taxation.

The great monopolies, which have grown with such startling rapidity, into such overshadowing power, owe all their wealth and power to their manipulation of railways and of duties on imports. Under natural taxation there would be no import duties to manipulate; and railways could not afford to be manipulated.

§ 12. "WATERED STOCKS." Let us pass to the consideration of the inflated stocks and bonds, which are made the excuse for extortion. What can taxation do with them? The answer is so plain that one wonders at the question. Even without the adoption of the full reform here proposed, the change of a few lines in the tax laws would put a speedy end to these abuses. If all corporate securities were made subject to the general tax rate,

at their full nominal value, the "water" would be let out of them within three months. "Yet show I unto you a more excellent way."

Stock inflation does not really enable railways to charge high rates. The Erie line cannot charge more on through traffic than the Central. And, upon the whole, those who use railways do not pay more than the service is worth. The real evil is that a very great part of the value of such service consists in the use of the land over which the railway runs, that this portion belongs to the public, and that hardly any of it is taken, as it ought to be, for public use. The proper remedy is not to give service to those who use the railways, for less than it is worth, but to use the same share of the value of railway land for public purposes, as in the case of other lands. When this is done, the entire people will receive ~~through~~ relief from other taxation their share of the value which they have given to the railways. And, at the same time, it will become impossible for railway companies to maintain inflated stocks and bonds; because to do so would be to invite greater taxation than they could bear.

§ 13. CORRUPT GRANTS. So as to bribe-bought franchises. It would be quite unnecessary to rescind them. It would only be necessary to tax them on the basis of their true value, which is pure ground rent. Thus American street railroads, which generally owe the franchises to the grossest corruption, and which charge fares of five or ten cents for a service which costs less than half that sum, need not be interfered with. Under a proper system of taxation, it would make little difference whether the fares were reduced or not. If the fares were reduced to three cents, ground rents would be increased, and the city would derive greater revenue from its taxes on those rents. If the fares remain unchanged, the value of the railroad franchise would be so much greater, and the tax upon that would be greater in proportion. It would make little difference, even to those who travelled in the cars. If the fares were reduced, the travellers would have to pay more rent for their homes. Thus they would contribute as much to the public funds in one way as in the other.

At first sight it would seem that the redress thus obtained would be very inadequate. But it would

not. Of course, no past wrong can be entirely obliterated. No scheme of social reform seriously proposes to secure compensation for all the past. The world does not contain wealth enough to pay damages for all past injuries. But the taxation of all franchises, on the basis of their present fair market value, with the concentration of all taxes upon ground rents, of which these are a part, would take for the public benefit all that the public could have secured, under the most honest and impartial sale of such franchises. It will also tax those corporations which obtained their grants for nothing, just so much more than it will tax those which paid a fair price.

§ 14. TAXATION THE BEST REMEDY FOR PAST CORRUPTION. For these franchises could not, upon the average, have been originally sold for more than they would now pay under such taxation. If they had been sold at auction, for a sum in cash, free of taxation, they would never have brought a sum which, however well invested, would produce an income equal to the average annual tax. If new franchises should be sold, free of taxation, to the highest bidder for an annual payment, that payment, in the long run, would rarely, if ever, equal the taxes which would be paid under this system. Therefore it would be better, in the long run, to give these franchises to the corporations which will give the best security for the best and cheapest public service, than to sell them to the highest bidder, either for a single or an annual payment. Indeed, to sell them for a single present payment is obviously a bad method. It confines competition to a very few men of great wealth, depriving the municipality of the better service, which less wealthy but more energetic men would probably render; it cripples the operation of the franchise by impairing the capital of the managers; and it pours into the public treasury a large sum, which cannot be well invested, and which is an almost irresistible temptation to extravagance and waste.

And those corporations which have obtained valuable franchises for nothing, except bribes, will necessarily be taxed more heavily than those which are already subject to an annual payment. Thus the Broadway Railroad, in New York city, is subject to an annual payment of \$40,000. The real

annual value of its franchise (obtained by paying aldermen \$20,000 each) is so much more than \$400,000, that this figure may be taken, as an extremely moderate one. Assuming that to be correct, the taxable value of this franchise would be reduced to \$360,000, by this liability to an annual payment. If another charter, equally valuable, should be granted in a parallel street, for nothing, its taxable value would be the full \$400,000. Supposing half of such values to be taken by taxation, half of the amount gained by bribery would be recovered. Under the present system, every conceivable method for recovering the loss sustained by the community through such schemes of corruption has been tried, without the slightest success. Even if the adoption of just taxation should only recover half of a just compensation for the franchises corruptly given away, that is a thousand times more than has ever yet been recovered, and ten times more than ever can be recovered in any other way.

§ 15. USURPED LANDS. Take the case of usurped or stolen lands. In Great Britain, the lords of the manor, having had control of Parliament for centuries have stolen vast quantities of land from the people, under the forms of law. In the United States, vast tracts of land have been taken up, under forged grants or under perjured testimony. Spanish grants are a by-word; and the homestead law has been perverted into the most successful scheme for buying government land at a fourth of its value, which could have been devised. It ought to be entitled: "An Act to prohibit the purchase of land by honest men, and to encourage monopoly and perjury." Railroad lands to the amount of hundreds of millions of acres, have been obtained for nothing, except a few beggarly bribes to Congressmen and State legislators, amounting in all to less than a ten thousandth part of the market value. What then? Shall we sue in the courts for relief? None could be had, without laying down rules of law, which would be ruinous to innocent purchasers all over the land. Shall we pass confiscatory laws? The Constitution forbids; and if it did not, our own consciences would revolt at the idea. There is no possible relief in that direction.

Great Britain has no written constitution; and her Parliament has unlimited power. Shall Par-

liament direct the confiscation of the old common lands? Shall it undertake to reclaim literal possession of "the land for the people"? Let us not waste time in discussing the question on moral grounds. Rightly or wrongly, the moral sense of the people would revolt at such a proposition. And if it did not, yet the immense complications involved in awarding compensation for improvements would break down the whole project. It is not worth while to inquire into the abstract morality of an utterly impracticable scheme.

But in Great Britain and America alike, the adoption of a just, natural, and uniform method of taxation would give an immediate remedy. Without confiscation, without violence, without any social upheaval, it would take for public use about half of the revenue thus misappropriated, which is far more than ought to be taken, in any case; while it is far more than can ever be obtained in any other way.

"The best remedy for injustice is simple justice."

§ 16. REFORM IN GOVERNMENT. By this time, it is hoped, the attentive reader will have begun to see that the adoption of natural taxation leads, by an easy course, to reform in all methods of government and the abolition of corruption in public office, by removing most inducements to corruption. It would nearly extirpate the bribery of legislatures and councils, by leaving nothing for any one to gain by offering bribes. Not absolutely, of course. It cannot be too often repeated, that nothing in this world is or ever will be perfect. But this reform in taxation would remove most of the present inducements to bribery, falsehood and fraud in public affairs.

§ 17. ABOLITION OF FRAUD AND BRIBERY IN TAX MATTERS. The most prolific sources of these evils are directly connected with bad methods of taxation. Every change in laws imposing taxes upon commodities, either by a tariff or by excises, affects so many private interests that all parties agree in charging wholesale bribery and corruption upon each other, and none seriously claim to be innocent. This branch of the subject has already been sufficiently treated. The innumerable frauds and perjuries which arise out of the taxation of personal property have also been referred to. All these abominations would disappear, with the acceptance

of natural taxation. Nobody would be required to make any return of his wealth; and no attention would be paid to it, if he made any. There would be but one thing to be taxed; and its value would be ascertained by independent investigation. Valuations of land might be compared with the rents actually paid; but those rents would be learned by inquiry among tenants, not among landlords. Large land-owners might attempt to bribe assessors, as they do now. But the value of land is so easily determined, that other land-owners could be provided with an ample remedy, in an application to the courts to make assessments just and uniform.

§ 18. SPECIAL LOCAL ASSESSMENTS DISPENSED WITH. The complex system of special assessments for local improvements, which is indispensable under all existing methods of taxation, with its allowance for "betterments," to use a current English term, would become unnecessary. All improvements could be made at the common expense; because whatever improvement might thus be made in the value of adjoining property would all be an increase in the value of the mere land; and this addition would lead at once to a permanent increase in the tax upon that land, to a proportionate amount. Such assessments have always been a fertile source of injustice, inequality, and fraud. They are, inevitably, largely based upon guesswork; whereas the subsequent taxation would be measured by actual, known values.

§ 19. BRIBERY MADE UNPROFITABLE. The most appalling developments of crime in American government, however, have taken place with regard to the grants of special privileges on land, especially to railway, gas, electric light, and similar companies. The notorious robbery of the United States by the Union Pacific and Central Pacific companies, to an amount exceeding \$100,000,000 is only one of many instances, although the most prominent one. The repeated purchase of the Broadway Railroad franchise from corrupt aldermen and legislators, repeatedly set aside by the courts, has attracted more attention than hundreds of similar crimes. But every street railroad franchise in New York has certainly been procured in precisely the same way; and probably every such railroad in the country, the franchise of which was worth anything, was chartered upon similar terms. Gas companies,

electric light companies and steam heating companies, all pay heavy bribes for permission to lay pipes or wires in city streets.

The taxation of all these franchises, at their full value, on the same basis with other privileges over land, would make it impossible to obtain them for nothing. No bargains with aldermen could relieve them from paying handsomely for their annual value. There would no longer be an eager crowd of bribe-offers; and therefore the crowd of bribe-takers would cease to buy their way into municipal government. The bribes offered to aldermen would be too small to repay the aldermen's bribes to their electors. Such franchises would be generally given to those who would accept them on terms most favorable to the public, with respect to low charges, good accommodation, and faithful service. No money would be paid, either to the municipality or to the aldermen; for taxes would have to be paid; and they would automatically increase, as the value of the franchises increased.

§ 20. THE TENEMENT HOUSE PROBLEM. The rapid increase of low-class tenement houses in large American cities, especially in New York, has excited the just anxiety and alarm of our most thoughtful citizens. Many plans of restriction and regulation are urged. They all aim at results which are eminently desirable. But they all involve large expenses, which must be finally borne, under our present methods of taxation, by the very tenants whose extreme and degrading poverty is the very cause of the difficulty. It is perfectly true that such houses do not afford sufficient space and air to sustain health. It is often true that they do not furnish accommodations necessary to maintain decency; although much has been done of late years to improve them and to keep them under careful inspection. But every good thing is costly; and who is to pay the cost? If the landlord is forced by law to provide better accommodations, he must charge more rent for the house; and it has been already shown that he can, in the long run, compel the payment of such additional rent; because, if he could not, no more tenement houses would be built until tenants were able and willing to pay a fair rate of interest upon all the cost of building such houses, including all compulsory improvements.

Or suppose that the cost of such improvements

is paid by the government. The expense would be paid out of taxes. Who would pay the taxes? A full share would fall upon these very houses; and, as the cost of such improvements when made by the city would be far greater than it would be if they were made by the landlord, the probability is that the tax upon the class of houses thus State-repaired would be nearly as great as the cost of private repair would be. Be it more or less, this tax must be finally paid by the tenants. And in this event, a large share of the tax would fall upon other buildings, occupied by a class but little less poor than the occupants of tenement houses; and thus they would be dragged down into actual poverty.

The next result would be that the tenement dwellers would be so impoverished by the increase of their rents, as to deprive them of some portion of the food or clothing, which they had with difficulty managed to provide under the original rent. All of them would suffer inconvenience; most of them would suffer actual privation; their earning power would be reduced; and many of them would be driven out altogether, by the bidding of other tenants, who had previously occupied houses or parts of houses of a slightly higher grade, which they had been compelled to give up by the pressure of taxation, or which, while they were much better than the tenements had been before tenements were reformed, were no better than the reformed and improved tenements.

Any compulsory improvements of this kind must inevitably make the lot of the lower class—the "residuum", as it is called—harder than ever.

As usual, it will be said that this "is all theory." Unfortunately it is a theory which was never much thought of, until practical experience called attention to it. The dwellings of the poor have been torn down and rebuilt with improvements, upon a large scale, in Paris, London, Berlin and other cities, and always with precisely these results. Those who occupied the old, condemned buildings did not return to the new ones. They simply could not afford it. Their places were taken by others, who had always occupied rather better homes, and who were driven by increased taxation to descend a step in the social scale, finding the new dwellings, homes not quite equal to the old abodes, but much

better and more expensive than the buildings which had been destroyed as uninhabitable. The "residuum" were driven into more degraded conditions than those under which they previously lived.

§ 21. ITS SOLUTION. Must we then abandon all hope of improvement in the homes of the poor? Not at all. While insisting upon renovations and necessary improvements, *let us remove all taxes from houses.* This will make houses more abundant; this will make house rents cheaper; this will enable house owners to furnish necessary improvements, without increasing rents or losing interest on their investments.

Let us work out an illustration. Twenty thousand dollars is a reasonable estimate for the price of many tenement houses in New York; half for the house and half for the land. Houses being usually assessed for 70 per cent. of their full value, the house, as distinguished from the land, would be assessed at \$7000, and taxed, at present rates, \$133. If this tax were taken off, representing, as it does, a capital of about \$2600, the owner could afford to spend \$2000 on improvements without raising the rent, and yet make a profit. Competition with other house owners would eventually compel him either to spend about as much or else to reduce his charge for the house by more than \$100 a year. Legislation might hasten his action or require him to make the improvements, instead of lowering his rent. In either case the tenants' condition would be greatly improved.

Without deciding that no other reform is necessary or desirable, it is at least demonstrated by long and wide experience that no permanent and complete reform of the tenement house is possible, without first abolishing all taxes on buildings.

§ 22. SUMMARY OF CONCLUSIONS. The adoption of natural taxation would obviously relieve the great mass of the people from all taxes and tax-burdens whatever, except rent; which they now pay, in addition to taxes.

It would put an end to that artificial concentration of wealth in the hands of a few, which is now making such rapid progress.

While leaving natural inequalities in human skill, intelligence, industry and productive power to produce their natural effects, in moderate inequalities of wealth, it would gradually remove those un-

natural and monstrous inequalities which now exist, with no benefit to anyone and with vast injury to society as a whole.

It would put a premium upon improvement and industry, by relieving them from double taxation; while it would lay such burdens upon mere "dogs in the manger," as would drive them into productive industry.

It would secure to the owner of every product of human industry and skill an absolute and indefeasible title to such property; so that it could not be taken from him, even for taxes, without full compensation for its market value; a title, therefore, far superior to any which can now be held by any human being.

It would increase the demand for human labor in the production of good things for human use, to the utmost possible limit; thus causing a general rise in wages of at least 50 per cent. and more probably 100 per cent.

It would relieve wages from all present forms of taxation; thus increasing the net income of laborers, at once and forever, by at least 15 per cent. more. Whether "times" were good or bad, wages high or low, the net income of every laborer would always be at least 15 per cent. higher than it could possibly be under the present system, at similar periods.

It would encourage capital to free investment, by relieving it from all fear of punishment for enterprise, under the name of taxation.

It would solve the American currency problem, by opening banks of deposit in every nook and corner, free of taxation; thus giving to every farmer precisely the same facilities for exchange as are enjoyed by the wealthiest merchant or manufacturer, and making a large supply of either coin or notes superfluous.

It would largely reduce the share of taxes paid by farmers, because their share of ground rent is smaller than is that of other land owners; while it would not increase the present burdens upon residents of towns and cities, since they would pay nothing but rent; and that they pay now, in addition to taxes.

It would remove all shackles from commerce, trade, manufactures, agriculture, and industry of every kind, giving them a stimulus such as they have never known.

It would throw open to all men some land, upon which they could make a living, without requiring them to invest any capital in its purchase, and at no greater rent than they could reasonably afford to pay.

It would, therefore, enormously increase the production and wealth of the nation, while securing a fair, though not literally equal, distribution of that wealth.

It would reform government, by lifting the masses out of the degrading conditions which make them an easy prey to corrupt influences, by removing all temptation to fraud in matters of taxation, and by destroying the chief inducements to the corruption of legislatures and councils.

It would not at once make men moral, industrious, or intelligent; it would not give to any man a dollar which he did not earn for himself; it would not open any "royal roads" to wealth for "royal" ways are ways of idleness.

But it would open fair and equal opportunities to men of equal capacity and industry; and it would remove nearly all artificial hindrances to the success of the honest, intelligent, and industrious.

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